

Overview of the Fiscal Year 2013 Budget

Missouri's economy is moving forward. The unemployment rate is at its lowest point in three years. The state's investment in worker training is enhancing the skills of tens of thousands of people. Groups like the U.S. Chamber of Commerce are pointing to Missouri as a top state for business growth and development.

Governor Nixon and the Legislature have worked together to balance the budget without raising taxes. Because of this fiscal discipline, Missouri has maintained its AAA bond rating from all three rating agencies, one of only a few states with that distinction.

The Governor's Fiscal Year 2013 budget priorities are: getting Missourians back to work through strategic investments; prioritizing funds for education, including record funding for K-12 classrooms and stable funding for scholarship programs; ensuring that resources are available to aid in disaster recovery; and continuing the fiscal discipline he has fostered since taking office.

The Fiscal Year 2013 consensus revenue estimate assumes \$7.585 billion in net general revenue collections, a growth rate of 3.9 percent. This would provide \$285 million above the revised consensus estimate for Fiscal Year 2012, but would still be over \$400 million below collections for Fiscal Year 2008. Over the last three years, the Governor and Legislature planned a stair-step approach for the use of one-time federal stabilization funds. In Fiscal Year 2013, these funds will be fully phased out. Careful planning has allowed a gradual path to lower spending without the turmoil seen in other states. And, unlike over 30 other states, Missouri has maintained a balanced budget without raising taxes.

The Governor has already implemented cost saving strategies that have saved millions of taxpayer dollars. These initiatives include consolidating agencies, reducing state office and warehouse space, modernizing the state employee retirement system, reducing travel and other administrative costs, cutting the state's energy bill, and downsizing the state workforce. The budget for Fiscal Year 2013 builds on these efforts, including reducing state positions by over 800, bringing the total reduction since the Governor took office to over 4,100 positions. The Governor's proposed budget for Fiscal Year 2013 is lower than the Fiscal Year 2012 budget.

- The Fiscal Year 2013 budget is balanced through the following components:
 - \$191.7 million savings through additional efficiencies in the Medicaid program, with no change in eligibility or covered services.
 - \$89.0 million reduction for 4-year higher education institutions.
 - \$64.3 million in additional debt collections and other revenue efficiencies.
 - \$51.8 million increase from a tax amnesty plan, a bipartisan effort.
 - \$41.0 million savings through debt restructuring.
 - \$29.3 million in reduced staff and administrative costs, including a reduction in the Governor's office budget.
 - \$16.9 million reduction for community and technical colleges.
 - \$15.0 million in additional lottery revenue through advertising and other Lottery Commission initiatives.
 - \$7.0 million reduction in biodiesel subsidy payments.
 - \$2.0 million reduction in local public health agency grants.
- Items that are prioritized in Governor Nixon's Fiscal Year 2013 budget include:
 - \$3.009 billion for the foundation formula, a record amount; an overall increase of \$5 million and a general revenue increase of \$203.2 million.
 - \$99.8 million to provide stable funding for K-12 transportation.
 - \$105.5 million to maintain available funding for the A+, Bright Flight, and Access Scholarship Programs, including a general revenue increase of \$25 million.
 - \$23.6 million for a 2% salary increase for state employees, effective January 1, 2013.
 - \$14.9 million to maintain funding for the Customized Job Training Program.
 - \$4 million to jump start innovation in science and technology as authorized in the Missouri Science and Innovation Reinvestment Act.
 - \$2.2 million increase for the Partnership for Hope Program, which will be matched with \$2.2 million local funds and \$7.7 million federal funds.

FY 2013 BUDGET SUMMARY

	FY 2011 <u>Expenditures</u>	FY 2012 <u>Appropriations</u>	Governor's Recommendation <u>FY 2013</u>
<u>Total Operating Budget</u>			
General Revenue	\$ 7,597,336,161	\$ 7,981,814,205	\$ 8,029,387,000
Federal Funds	6,692,223,105	7,420,652,357	7,366,413,537
Federal Stabilization	419,883,965	64,918,743	0
Other Funds	7,515,804,567	7,734,985,418	7,584,571,141
Total	\$ 22,225,247,798	\$ 23,202,370,723	\$ 22,980,371,678
<u>Capital Improvements - One-Time Projects*</u>			
General Revenue	\$ 33,231,831	\$ 89,632,154	\$ 70,000,000
Federal Funds	41,073,645	188,248	845,291
Federal Stabilization	27,346,715	0	0
Other Funds	63,571,015	42,347,810	39,330,221
Total	\$ 165,223,206	\$ 132,168,212	\$ 110,175,512
<u>Federal Stimulus*</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	604,724,975	0	0
Federal Stabilization	19,958,970	0	0
Other Funds	87,071,790	0	0
Total	\$ 711,755,735	\$ 0	\$ 0
<u>GRAND TOTAL</u>			
General Revenue	\$ 7,630,567,992	\$ 8,071,446,359	\$ 8,099,387,000
Federal Funds	7,338,021,725	7,420,840,605	7,367,258,828
Federal Stabilization	467,189,650	64,918,743	0
Other Funds	7,666,447,372	7,777,333,228	7,623,901,362
Total	\$ 23,102,226,739	\$ 23,334,538,935	\$ 23,090,547,190

* Reappropriations are recognized in the budget in the first year they are appropriated. Expenditures from reappropriations are recognized in the year in which the expenditure occurred.

Note: FY 2012 total operating budget includes supplemental recommendations.

GENERAL REVENUE SUMMARY

RESOURCES

	FY 2011	FY 2012	FY 2013
Beginning Balance	\$ 52,430,354	\$ 168,931,183	\$ 0
Previous Year's Lapse ¹	108,467,368	208,140,134	125,627,411
Revenue Collections	8,446,528,314	8,650,900,000	8,963,500,000
Refunds	(1,336,921,422)	(1,350,000,000)	(1,377,900,000)
Federal Budget Stabilization Receipts	572,388,526	277,269,999	0
Other Collections ²	0	0	90,350,000
Transfers to Fund	143,815,319	144,984,904	222,867,915
Total Resources Available	\$ 7,986,708,459	\$ 8,100,226,220	\$ 8,024,445,326

OBLIGATIONS

Operating Appropriations	\$ 7,843,850,498	\$ 7,908,511,628	\$ 7,998,199,499
Disaster Recovery Appropriations ³	11,193,634	72,000,001	31,187,501
Supplemental/Estimated Appropriations	140,514,209	92,302,576	0
Capital Appropriations	72,000,000	89,632,154	70,000,000
Expenditure Restrictions/Confirmed Lapse ⁴	(249,781,065)	(62,220,139)	(75,000,000)
Total Obligations	\$ 7,817,777,276	\$ 8,100,226,220	\$ 8,024,387,000
Ending Balance	\$ 168,931,183	\$ 0	\$ 58,326

NOTES TO GENERAL REVENUE SUMMARY

¹Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This includes reserves authorized by Section 33.290, RSMo.

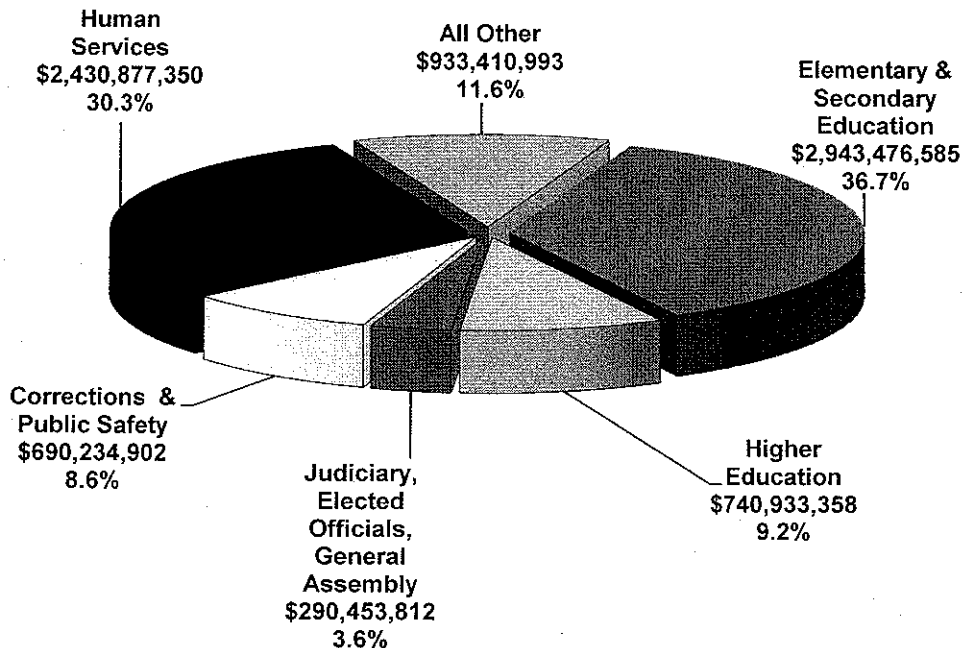
²Includes tax amnesty, centralized debt collection, integrated tax system, federal reciprocity, and other collection initiatives.

³Includes appropriations for the State's Emergency Management Agency within the Department of Public Safety and the National Guard within the Governor's Office.

⁴The FY 2013 amount includes \$70 million expenditure restriction applied to the Facilities Maintenance Reserve Fund as authorized in Article IV, Section 27(b) of the Missouri Constitution and \$5 million confirmed lapse in the Judiciary.

GOVERNOR'S RECOMMENDED OPERATING BUDGET—GENERAL REVENUE

Total Appropriations* \$8,029,387,000



*Excludes refunds

BUDGETED FULL TIME EQUIVALENT (FTE) SUMMARY

Department	FY 2009	FY 2010	FY 2011	FY 2012	Gov Rec FY 2013	Change 12 to 13	Change 09 to 13
Elementary and Secondary Education	1,830	1,746	1,717	1,711	1,691	(21)	(139)
Higher Education	76	76	76	76	76	-	-
Revenue	1,583	1,463	1,418	1,443	1,412	(32)	(171)
Transportation	6,947	6,617	6,617	6,417	5,813	(604)	(1,134)
Office of Administration*	2,086	2,033	2,204	2,254	2,172	(82)	86
Agriculture	401	391	393	410	412	2	11
Natural Resources	1,814	1,796	1,782	1,784	1,771	(13)	(43)
Conservation	1,872	1,844	1,844	1,843	1,813	(30)	(59)
Economic Development	978	976	967	967	936	(31)	(42)
Insurance, Financial Inst., Prof. Reg.	534	545	550	583	585	2	51
Labor and Industrial Relations	866	832	828	824	825	1	(41)
Public Safety	5,035	5,033	4,974	4,960	4,978	18	(57)
Corrections	11,431	11,329	11,152	11,047	11,047	-	(384)
Mental Health	8,676	8,292	7,874	7,440	7,444	3	(1,232)
Health and Senior Services	1,914	1,894	1,834	1,727	1,793	66	(121)
Social Services	8,178	8,093	7,760	7,355	7,267	(89)	(911)
Elected Officials	975	987	992	993	986	(7)	11
Judiciary	3,405	3,406	3,406	3,406	3,406	-	1
Public Defender	560	572	572	587	587	-	27
General Assembly	712	711	688	680	679	(1)	(33)
Total	59,873	58,636	57,648	56,508	55,692	(816)	(4,181)

*Increase in Fiscal Years 2011 and 2012 primarily due to maintenance and mail consolidation from other departments.

CONSENSUS REVENUE ESTIMATE
 FOR FY 2013 AND REVISED FOR FY 2012
 GR COLLECTIONS - NET OF REFUNDS

	Actual FY 2008 \$s (Mils)	Actual FY 2009 \$s (Mils)	FY 2009 % Change	Actual FY 2010 \$s (Mils)	FY 2010 % Change	Actual FY 2011 \$s (Mils)	FY 2011 % Change	Estimate FY 2012 \$s (Mils)	FY 2012 % Change	Estimate FY 2013 \$s (Mils)	FY 2013 % Change
Individual Income	\$5,210.1	\$4,876.0	-6.4%	\$4,433.7	-9.1%	\$4,640.3	4.7%	\$4,835.0	4.2%	\$5,071.6	4.9%
Sales	\$1,931.1	\$1,813.1	-6.1%	\$1,731.7	-4.5%	\$1,759.8	1.6%	\$1,825.0	3.7%	\$1,890.6	3.6%
Corporate	\$459.3	\$358.1	-22.0%	\$287.8	-19.6%	\$385.5	33.9%	\$375.0	-2.7%	\$352.0	-6.1%
County Foreign	\$185.9	\$189.6	2.0%	\$177.1	-6.6%	\$193.3	9.1%	\$171.0	-11.5%	\$180.7	5.7%
All Other	\$217.5	\$214.0	-1.6%	\$144.0	-32.7%	\$130.7	-9.2%	\$94.9	-27.4%	\$90.7	-4.4%
Total	\$8,003.9	\$7,450.8	-6.9%	\$6,774.3	-9.1%	\$7,109.6	4.9%	\$7,300.9	2.7%	\$7,585.6	3.9%

FEDERAL STABILIZATION AND EDUCATION JOBS FUNDS (\$s in millions)

	FY 09	FY 10	FY 11	FY 12	Total
<u>Resources</u>					
Enhanced FMAP	\$432.1	\$718.8	\$628.3	\$49.5	\$1,828.7
Education Stabilization	\$0.0	\$530.1	\$158.2	\$64.9	\$753.2
General Purpose Stabilization	\$0.0	\$88.5	\$75.6	\$3.6	\$167.7
Education Jobs	\$0.0	\$0.0	\$189.7	\$0.0	\$189.7
Total	\$432.1	\$1,337.4	\$1,051.8	\$118.0	\$2,939.3
<u>Estimated Expenditures</u>					
Enhanced FMAP	\$255.8	\$639.0	\$588.7	\$345.2	\$1,828.7
Education Stabilization	\$0.0	\$530.1	\$158.2	\$64.9	\$753.2
General Purpose Stabilization	\$0.0	\$88.5	\$75.6	\$3.6	\$167.7
Education Jobs	\$0.0	\$0.0	\$189.7	\$0.0	\$189.7
Total	\$255.8	\$1,257.6	\$1,012.2	\$413.7	\$2,939.3
<u>Balance</u>					
Enhanced FMAP	\$176.3	\$79.8	\$39.6	(\$295.7)	\$0.0
Education Stabilization	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
General Purpose Stabilization	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Education Jobs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$176.3	\$79.8	\$39.6	(\$295.7)	\$0.0
Balance Cumulative	\$176.3	\$256.1	\$295.7	\$0.0	
% Spent of Total	9%	43%	34%	14%	100%